ITD CHARGEBACK SYSTEM

- ITD Objective
- Meeting our Objective
- Chargeback Models
- History: Trends over Time
- Annual Planning Cycle
- How Users Interface with ITD
- FY2004 Services and Rates
- Future Plans and Trends
- Questions and Answers

ITD CHARGEBACK SYSTEM

Our Objective

- **ITD Mission Statement**
  - Enable the success of our customer by providing effective technology and services though cooperative leadership.

- **Operation objectives in support of ITD's mission:**
  - Provide customers with state of the art computer resources at the lowest possible cost.

- **Chargeback Supports Operation objectives:**
  - Management technique to encourage the efficient, effective and economical use of the Data Center's computer resources.

ITD CHARGEBACK SYSTEM

Meeting Our Objective

- **Chargeback Management Techniques Employed by ITD:**

  - <u>**Decrease**</u> rates for <u>non-labor intensive</u> or <u>non-prime time</u> services, such as Mainframe CPU and I/O cycles.

  - <u>**Increase**</u> rates for <u>labor intensive</u> services , such as tape mounts and printing services.

  - <u>**Encourage emerging technologies**</u> by not charging for projects until they are operational, such as NewMMARS.

  - <u>**Bundled Services:**</u>

  Security and Anti-Virus – ensures safe and secure systems.

  CommonHelp - user education and troubleshooting.

  Customer Support at all phases of the lifecycle.

ITD CHARGEBACK SYSTEM

Chargeback Models

Both models appear on your monthly statement.

Federal Model
- Audited by the Single Auditor (Deloitte & Touche)
- Accounting in accordance with Generally Accepted Accounting Principles
- Federally approved Billing Rates & Methodologies
- Federal Reimbursement for certain programs.

State Model
- Subset of Federal Model
- Charges limited by Revenue Cap
- Rates are based on forecasted dollars and forecasted units
- Monitor revenue for over or under charges – HR/CMS rebate

DATE: 04/16/03

SAMPLE MONTHLY STATEMENT

COMMONWEALTH OF MASSACHUSETTS
INFORMATION TECHNOLOGY DIVISION - DATA AND NETWORK SERVICES
FY 2003 CHARGEBACK STATEMENT FOR MARCH, 2003

DEPARTMENT NAME: THE XYZ DIVISION

DEPT / ORG CODE: XYZ0 / 1234

ANNUAL CREDIT: $ 31,353.08   SPECIAL FISCAL YEAR CREDIT: $ .00
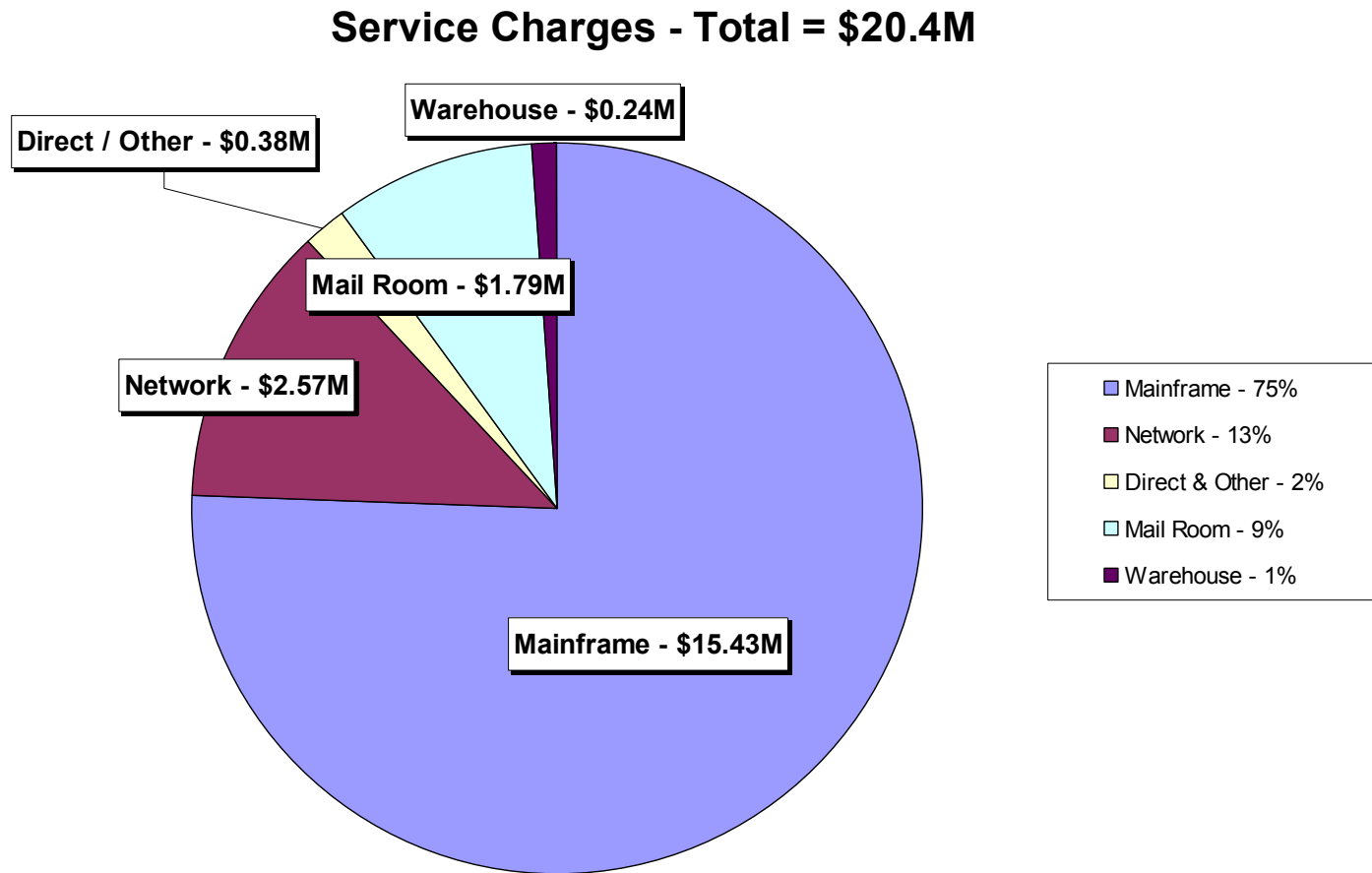
EFFECTIVE DATE: JULY, 2002

	CURRENT PERIOD	YEAR-TO-DATE	COMMENT
1. BEGINNING BALANCE:	$ 7,769.94	$0.00	AT FISCAL YEAR START
2. PAYMENTS RECEIVED FROM 03/13/03 TO 04/09/03 :	$0.00	($83,574.08)	
CHARGES AND CREDITS FOR DATA SERVICES:			
3. TOTAL CHARGES	$ 10,450.36	$122,696.44	USE THIS AMT TO CLAIM FFP/FED GRANT
4. MONTHLY CREDIT:	($2,612.76)	($23,514.82)	
5. ADJUSTMENTS	$0.00	$0.00	
6. ADDITIONAL CREDITS:	$0.00	$0.00	
7. NET AMOUNT:	$ 7,837.60	$99,181.62	
8. ENDING BALANCE:	$ 15,607.54	$15,607.54	

===
STATUS OF IVS ISSUED AS OF 04/15/03 AND PAID THRU 04/09/03 - PAY BALANCE DUE
===

MONTH	IE AUTHORIZATION AGN ORGN NUMBER	IV TRANSACTION AGN ORGN NUMBER	ISSUE DATE	PAYMENT DATE	(A) AMOUNT INVOICED	(B) AMOUNT PAID	(C) ADJUSTMENT OR OVERPAYMENT	(D=A+B+C) BALANCE DUE (OVERPAYMENT)	(E) ADJUSTMENT OR IE STATUS/ACTION REQUIRED
SEP	XYZ-1234-BCS0103	XYZ-1234-BCS0101	10/10/02	11/12/02	$ 26,740.40	$ (26,740.40)	$0.00	$0.00	
OCT	XYZ-1234-BCS0103	XYZ-1234-BCS0102	11/19/02	12/11/02	$ 32,598.73	$ (32,598.73)	$0.00	$0.00	INCREASE IE $23,221
NOV	XYZ-1234-BCS0103	XYZ-1234-BCS0103	12/12/02	01/29/03	$ 8,456.35	$ (8,456.35)	$0.00	$0.00	
DEC	XYZ-1234-BCS0103	XYZ-1234-BCS0104	01/15/03	01/29/03	$ 8,136.84	$ (8,136.84)	$0.00	$0.00	
JAN	XYZ-1234-BCS0103	XYZ-1234-BCS0105	02/21/03	03/12/03	$ 7,641.76	$ (7,641.76)	$0.00	$0.00	
FEB	XYZ-1234-BCS0103	XYZ-1234-BCS0106	03/20/03		$ 7,769.94	$0.00	$0.00	$ 7,769.94	
MAR	XYZ-1234-BCS0103	XYZ-1234-BCS0107	04/15/03		$ 7,837.60	$0.00	$0.00	$ 7,837.60	
YEAR-TO-DATE FOR BCS					$ 99,181.62	$ (83,574.08)	$0.00	$15,607.54	

4/29/2003

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ITD CHARGEBACK SYSTEM
Trends - FY 1998 Charges by Service

Service Charges - Total = $20.4M

Direct / Other - $0.38M

Warehouse - $0.24M

Mail Room - $1.79M

Network - $2.57M

Mainframe - $15.43M

Legend:
- Mainframe - 75%
- Network - 13%
- Direct & Other - 2%
- Mail Room - 9%
- Warehouse - 1%

ITD CHARGEBACK SYSTEM
Trends - FY 2003 Charges by Service

Service Charges - Total = $34.2M (Est.)

Pie chart legend:
- Mainframe - 40%
- Network - 16%
- Financial - 7%
- Mid-Range - 14%
- MassMail - 4%
- HR/CMS - 14%
- Mail Room - 5%

Pie chart labels:
- Mail Room - $1.85M
- HR/CMS - $4.72M
- MassMail - $1.32M
- Mid-Range - $4.66M
- Financial - $2.50M
- Network - $5.43M
- Mainframe - $13.70M
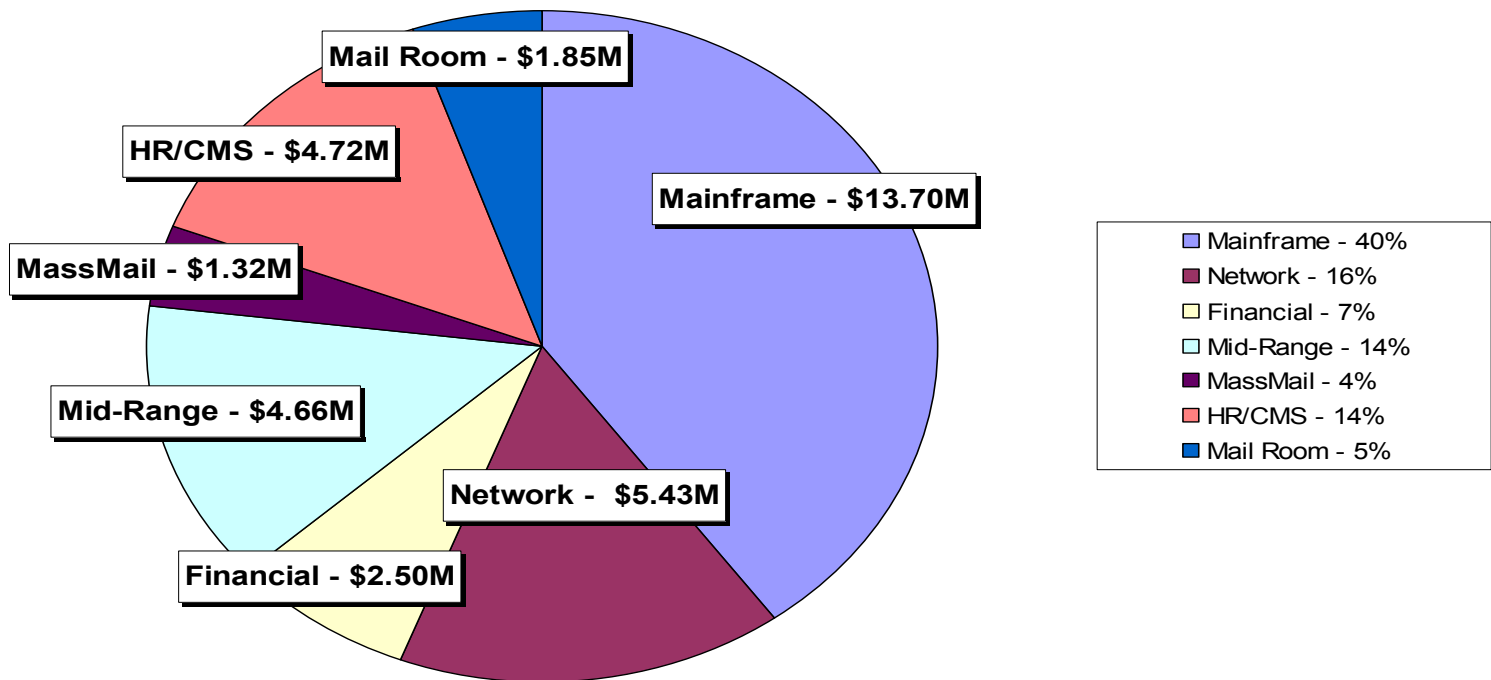
ITD CHARGEBACK SYSTEM
RATE REDUCTIONS SINCE FY1998

FY1998 Usage Cost at FY99 to FY03 Rates

Mainframe & Network

Fiscal Year	
1998	100%
1999	72%
2000	56%
2001	47%
2002	48%
2003	44%

Fiscal Year
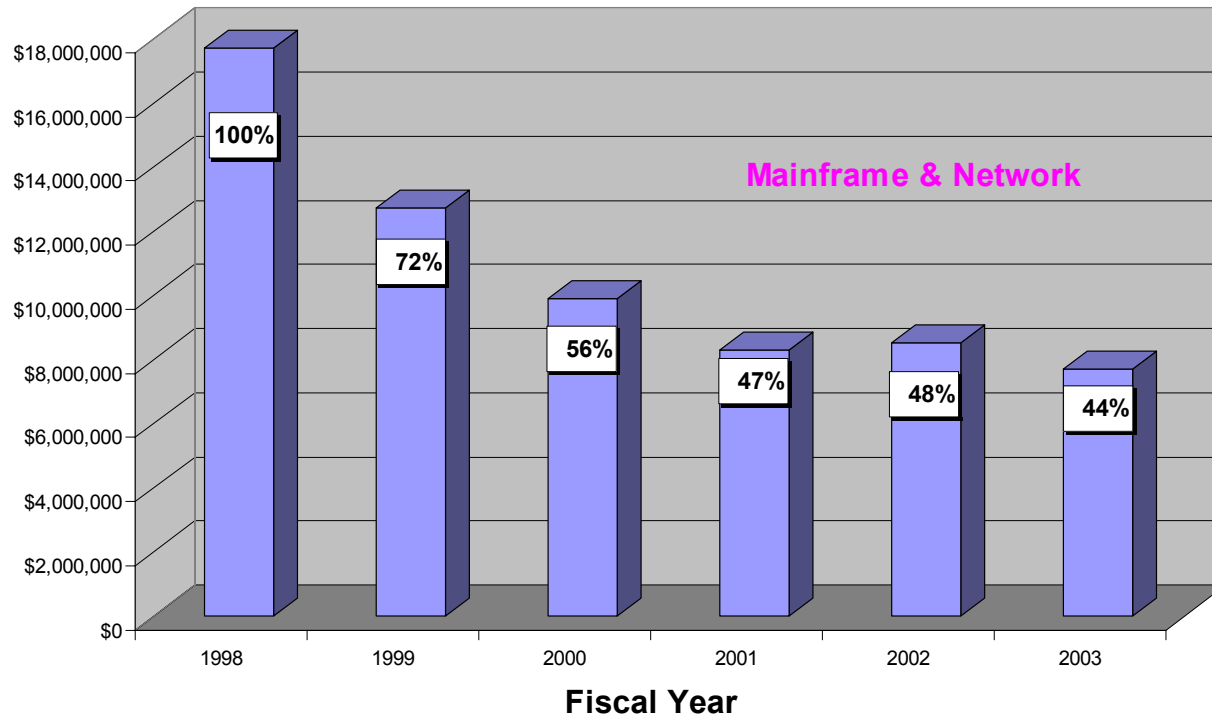
ITD CHARGEBACK SYSTEM
FY1998 to FY2003 Growth in Services

Chart: Resource Usage ($M) from FY1998 to FY2003 (Est), with series:
- MassMail - FY02
- HR/CMS - FY03
- HIPAA - FY02
- MMARS & Hd Cnt - FY01
- Mid-Range - FY00
- Registry Merge - FY99
- MMIS Insourced - FY99
- Mail Room
- Other DC & Network Usage
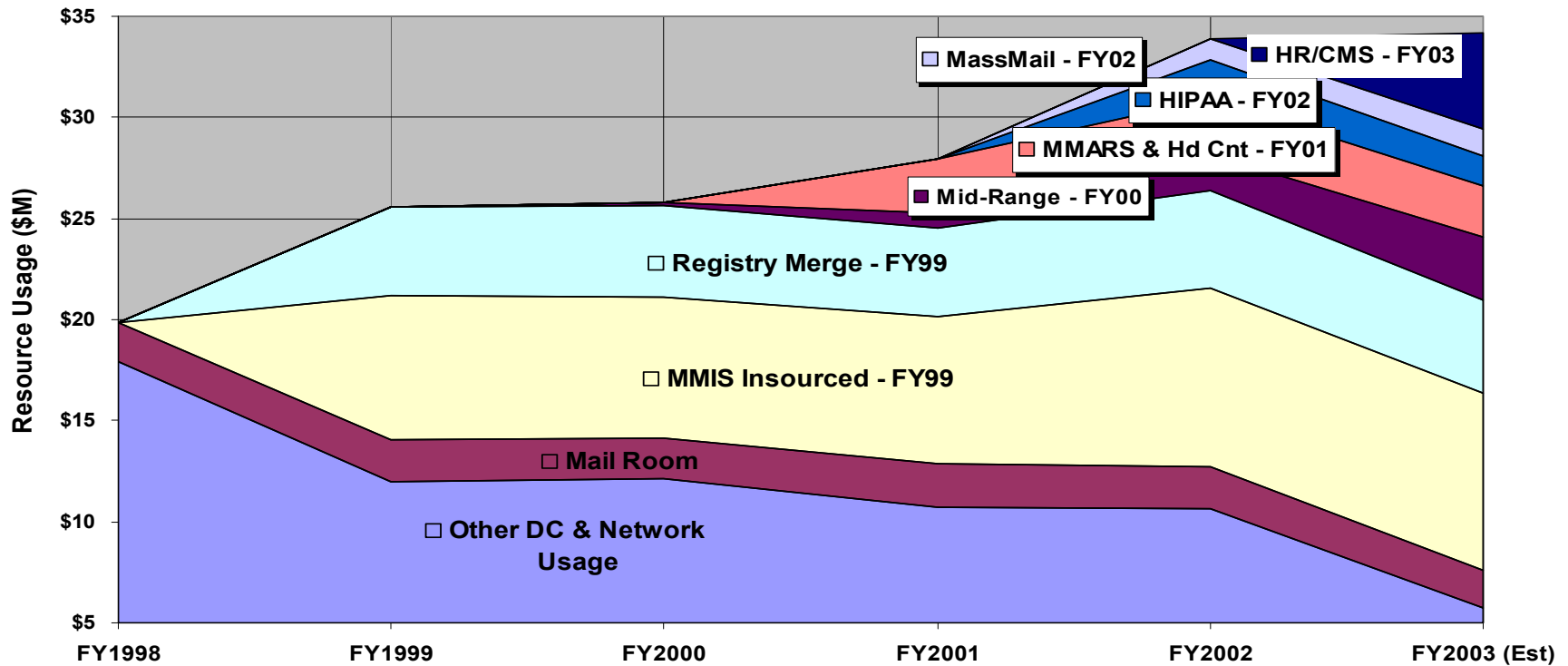
ITD CHARGEBACK SYSTEM

Annual Planning Cycle

- The Encumbrance Process
- Monthly Billing Package (Sample)

Forecast, Rate Setting & Billing Cycle									
OCT	**NOV**	**DEC**	**JAN-MAR**	**APR**	**MAY**	**JUN**	**JUL**	**AUG**	**SEP**
Client		Client	ITD	ITD	ITD		ITD	Client	ITD
Bud-get for FY+1		Plans for Next FY	Next FY Analysis Forecasting Rate Setting	Release Next FY Rates **NOW**	Next FY Fore-cast		Esti-mated Encum (IE)	Approve Encum–brance (IE)	First Bill (IV)

ITD CHARGEBACK SYSTEM

How Users Interface with ITD

- Business Relationship Management (BRM)
  - Lifecycle Customer Support Services
  - Chargeback Functions
  - BRM Assignments (BR List)

- Business Application Request (BAR) Process
  - New Services
  - Service Additions / Expansion
  - Sample BAR

ITD CHARGEBACK SYSTEM

Services and Rate Changes

- Service Changes from FY2003

- FY2004 Rates vs. FY2003 (Handout)

- Forecasts (Will be issued directly to Agencies)

ITD CHARGEBACK SYSTEM

Information Technology Division - Business Application Request

Bureau: Operational Services Bureau   **Customer:** XYZ Division

Agency MMARS Code: XYZ   **Chargeback Account:** XYZ0-1234

Project Name: Application Moved to MITC

Business Relationship Mgr: William J. O'Keefe   **Service Request No:** 2003-21

[ ] New Business	[X] Expansion of Existing Business
[ ] Downsizing of Existing Business	[ ] Termination of Existing Business

Brief description of services to be provided / terminated:

Web Based application which allows employees to view application data.

ITD Bureaus Impacted: OSB [X]   EAB [ ]   EGOV [X]   SPG [ ]   TFG [X]   WHSE [ ]

Resources required:

Existing Staff	Employee [ ]	Contractor [ ]	Both [ ]
Existing Equipment	Hardware [X]	Software [X]	Both [ ]
New Staff	Employee [ ]	Contractor [ ]	Both [ ]
New Equipment	Hardware [ ]	Software [ ]	Both [X]
Other Resources (describe):			

Projected start-up and one time costs $63,023.00

    Describe: Total FY3 chargeback is 63,023.00 including one time costs for software 3,300.00

Projected annual charge back *(thousands)*

[ ] **$0 - $10**   [ ] **$11 – 25**   [ ] **$26 - $50**   [X] **$51 - $100**   [ ] **Over $100**

If over $100k, provide estimated annual chargeback   **$53,927.00**

[ ] **Approved**   [ ] **Disapproved**   *Explain (if disapproved)*

NOTE THAT ALL IT EQUIPMENT AND SOFTWARE PROCURED AS A RESULT OF THIS REQUEST, REGARDLESS OF THE FUNDS USED, BECOME THE PROPERTY OF THE INFORMATION TECHNOLOGY DIVISION AT TIME OF INSTALLATION. SIGNING THIS REQUEST COMMITS YOUR AGENCY TO THE EXPENSES INCURRED AS INDICATED ABOVE.

ITD Bureau Director (Primary)	*Date*	*Customer Technical*	*Date*
ITD Bureau Director (Secondary)	*Date*	*Customer Chief Financial Officer*	*Date*
ITD Chief Financial Officer	*Date*		

ITD Chief Information Officer   Date

ITD CHARGEBACK SYSTEM

Proposed Project Budget Estimate				
Category Description	FY03 Chargeback	FY04 Chargeback	FY05 Chargeback	Comments
Install two IBM Servers	$1,890.00			Servers installed @ 945.00 per
Load Client Application	$504.00			Application loaded @ 504.00 per server
Harden Servers	$2,772.00			Rate @ 1386.00 per server
Install Data Base	$630.00			Rate @ 315.00 per per server
Total Installation and Setup	**$5,796.00**	**$0.00**	**$0.00**	
Cybermation Scheduling				
Multi 1-4 processors	$3,300.00			Four Processor System
Software Maintenance	$495.00	$495.00	$495.00	15% Annual Maintenance
Total Software	**$3,795.00**	**$495.00**	**$495.00**	
				FY04/ 05 use FY03 CB rates for estimate
4-100 MB shared switches @517.00	$16,544.00	$16,544.00	$16,544.00	Assume billing in November 8 months
Total Networkling	**$16,544.00**	**$16,544.00**	**$16,544.00**	
Hardware Software and Support				FY04/ 05 use FY03 CB rates for estimate
Tier 2-1 Occupancy & Maintenance	$4,928.00	$4,928.00	$4,928.00	FY03 CB rate @ 154.00 per server 8 months
Tier 3-1 Standard Support / Remote FWS	$10,080.00	$10,080.00	$10,080.00	FY03 CB rate @ 315.00 per server 8 months
Windows 2000 Advanced Server Support	$2,128.00	$2,128.00	$2,128.00	FY03 CB rate @ 133.00 per server 8 months
SQL Database Support	$11,520.00	$11,520.00	$11,520.00	FY03 CB rate @180.00 per CPU for 8 months
Total Mid Range Support	**$28,656.00**	**$28,656.00**	**$28,656.00**	
				FY04/ 05 use FY03 CB rates for estimate
EMC Storage Est. 70 GB Cost	$8,232.00	$8,232.00	$8,232.00	FY03 based on 0.49 per GB Day 8 months
Total Storage	**$8,232.00**	**$8,232.00**	**$8,232.00**	

ITD CHARGEBACK SYSTEM

Future Plans/Trends

- Web based Tracking, Reporting and Invoices Systems
  - iCAN Software
  - Aperture Inventory System

- Consolidate IT Operations to
  - Reduce operating costs
  - Insure infrastructure integrity with maximum availability
  - Establish business continuity
  - Create a foundation for disaster recovery plan

ITD CHARGEBACK SYSTEM

- Summary

- Questions & Answers

ITD CHARGEBACK SYSTEM
T-1 Cost Breakdown

COST CENTER	COST / T1 SERVICE	T1 COST %
Verizon Frame Relay (T1) Service *	$ 430.00	41.47%
MAGNet Telco Infrastructure	$ 121.14	11.68%
WAN Infrastructure	$ 259.23	25.00%
Internet Services	$ 87.73	8.46%
Security & Gateway Services	$ 58.77	5.67%
Administration and Overhead	$ 80.13	7.73%
TOTAL	$1,037.00	100.00%
* Rate includes 4 DLCIs (average)		